

Your Small Business Resource

Caribbean E-Outlook is a publication of the U.S. Small Business Administration Puerto Rico and U.S. Virgin Islands District Office

Carmen Ana Culpeper, District Director

252 Ponce De León Ave. Suite 200
San Juan, PR 00918-2038

Tel: (787) 766-5572
Fax: (787) 766-5309
Web: www.sba.gov/pr

December 2005, Volume # 3, Issue # 4

Also inside this issue:

Upcoming Events	page 2
HUBZone Expands in PR&VI	page 3
District Happenings	page 3
PR & VI Loan Production	page 4

For More Information:

- SBA offices are located in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam. For the office nearest you, look under "U.S. Government" in your telephone directory.
- Fax: 202-205-7064
- E-mail: answerdesk@sba.gov
- TDD: 704-344-6640
- Your rights to regulatory fairness: 1-800-REG-FAIR
- SBA Home Page: www.sba.gov.

All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.

To be added to our mailing list, please e-mail Angelique Adjutant, Public Affairs Officer at angelique.adjutant@sba.gov.

PR & U.S.VI Ranked No. 1 in Nation

More than 1,370 Local Small Businesses Receive SBA Financial Assistance in FY 2005

Fiscal year 2005 represented another record breaker, as the U.S. Small Business Administration's (SBA) Puerto Rico & Virgin Islands District Office ranked Number one in the Region and in the Nation, being recognized with "The Best of the Best" award, and providing guarantees for 1,373 loans to small businesses.

"Our numbers speak for themselves," said SBA District Director Carmen A. Culpeper. "At a time when the banking industry faces so many challenges and the economy continues its struggle to recovery, the SBA has been constant in its mission to help small businesses grow and succeed."

Loan volume increased 15.2 percent from 1,192 loans in fiscal year 2004 to 1,373 in 2005, the highest number of loans dating back to 1993. Also, dollar value in fiscal year 2005 increased 7.6 percent to \$164.2 million, from \$153 million in FY 2004. Of the total loans provided, the SBA backed 1,297 loans under its 7(a) Loan Guaranty Program for a total of \$139 million. The SBA also guaranteed 76 loans under the Agency's Certified Development Company (CDC) Program –also

known as the 504 Program-- for \$25.1 million.

"SBA's achievements have been outstanding," Culpeper added. "Not only have we injected millions of dollars to the economy, but we have helped create and/or retain more than 5,000 jobs and have seen first-hand the successful development of hundreds of small businesses."

The target segment of women-owned businesses represented a 45 percent increase, from 275 loans in fiscal year 2004 to 399 loans in FY 2005. Startup businesses represented a great achievement as well, increasing by 70.7 percent from 362 loans in fiscal year 2004 to 628 loans in 2005.

Also, government contracting and business development efforts in fiscal year 2005 resulted in the awarding of 12 contracts with a value of \$17 million, and more than 20,270 existing and aspiring entrepreneurs received counseling and training through SBA and its resource partners, such as Small Business Development Centers, the Women's Business Institute and SCORE.

Loan production table on back cover.



***From the Desk of the
District Director***

As SBA continues to assist the many victims of Katrina, Rita and Wilma with its Gulf Opportunity Pilot Loan Program, we have much to be thankful for and certainly much to celebrate. We closed yet another successful Fiscal Year and helped thousands of existing and aspiring entrepreneurs start and/or expand their small businesses through out loan guaranty programs, management and technical assistance, and federal contracting opportunities.

We expanded our reach in the small business community by creating strategic alliances with Academia, the Puerto Rico Government and professional and trade organizations throughout the Island, such as Puerto Rico Trade, the Polytechnic University, the PR Chamber of Commerce, the Ponce and Southern Puerto Rico Chamber of Commerce, and the United Retailers Association. In the new fiscal year, our loan volume has kept par with this performance and new partners have been added to our Strategic Alliance group, such as the PR Manufacturers Association, the College of Certified Public Accountants, and the Sales and Marketing Executives Association.

As we look forward to 2006, great challenges continue to lie ahead. We are confident that with the support of our participant lenders, our resource partners, and our strategic alliances we will continue to promote small business success and further contribute to our economic development.

Happy holidays to all!

Until next year,

A handwritten signature in black ink, appearing to read "Carmen A. Culpeper".

UPCOMING EVENTS

SBA Financing Alternatives

Date: Wednesday, January 18, 2006
Time: 9:00 AM – 1:00 PM
Place: PR College of CPAs
Call: (787) 766-5572

8(a) Pre-certification Workshop

Date: Wednesday, January 25, 2006
Time: 9:00 – 11:30 AM
Place: SBA District Office
Call: (787) 766-5572

Business Matchmaking Event

Date: Friday, February 3, 2006
Time: 8:00 AM – 4:00 PM
Place: PR College of Engineers
Call: (787) 766-5572

Entre Empresarias

Date: Friday, February 3, 2006
Time: 9:00 AM – 12:00 AM
Place: University of the Sacred Heart
Call: (787) 726-7045



Recently, District Director Carmen A. Culpeper visited the Puerto Rico Mayors Federation, where she gave a presentation on SBA programs and services. In the photo above, Culpeper addresses the Federation's president, Las Piedras Mayor, Honorable Itzamar Peña.

HUBZone Expands in Puerto Rico and U.S. VI

The Transportation/Highway Bill signed by the President in August amended the Small Business Act, making favorable changes to the HUBZone (Historically Underutilized Business Zone) Empowerment Contracting Program.

The HUBZone Program stimulates economic development and creates jobs in urban and rural communities by providing Federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone (at least 35%). The company must also maintain a "principal office" in one of these specially designated areas.

In order to expand the definition of what qualifies as a Difficult Development Area, the county or municipal unemployment rate is now compared to the national average unemployment rate instead of the state's unemployment rate. Under the new legislation, HUBZones have been redefined to include Difficult Development Areas that HUD has qualified under its housing credit program as well as areas qualified by the SBA.

Now, 69 Puerto Rico municipalities qualify as HUBZones in their entirety. The remaining nine municipalities include census tracts that qualify as HUBZones; these municipalities are: Arecibo, Camuy, Guayanilla, Hatillo,

Juana Díaz, Peñuelas, Ponce, Villalba, and Yauco. Also, now all of the U.S. Virgin Islands qualify as HUBZones in their entirety.

In other government contracting news, the Puerto Rico office recently held a Business Matchmaking event with the Municipality of San Juan, aimed at increasing federal contracting opportunities among the Capital City's small businesses. Over 200 entrepreneurs attended the event and had the opportunity to meet with contracting officers from the General Services Administration, the U.S. National Guard, the Department of Defense, the U.S. Forest Service and the HITDA (High-Intensity Drug Trafficking Areas) Program of the Office of National Drug Control Policy.

Also, the Virgin Islands office has been active in promoting the SBA's Surety Bond Guaranty Program and has organized various training sessions on the subject.

Through this program, the Agency can guarantee bonds for contracts up to \$2 million, covering bid, performance and payment bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels.

For more information on SBA's government contracting and business development programs, please visit www.sba.gov/gcbd.

District Happenings

The Puerto Rico Office wishes to welcome local credit union Mauna-Coop and A Plus Development and Financial Solutions, Inc. who have joined the SBA as a non-bank lender and a Certified Development Company, respectively.

*

Scotiabank of Puerto Rico and Cooperativa de Ahorro y Crédito de Aguada have been approved as SBAExpress lenders. Congratulations to both!

*

Rolando A. Berríos, P.E. and Right Way Environmental Contractors, Inc. have joined the SBA's portfolio of 8(a) firms.

*

A Presidential declaration was recently issued for public assistance in Puerto Rico, due to the severe storms, flooding, landslides, and mudslides that occurred during the heavy rains of October. The following municipalities were determined to have been adversely affected: Aibonito, Juana Díaz, Lares, Maricao, Peñuelas, Ponce, Salinas, Santa Isabel, Utuado, Villalba, Yabucoa, and Yauco.

The Physical Loan application deadline is January 9, 2006. Completed loan applications must be sent to: U.S. Small Business Administration National Processing and Disbursement Center 14925 Kingsport Road Fort Worth, TX 76155.

For more information on SBA's disaster assistance visit: www.sba.gov/disaster_recov.

LOAN PRODUCTION IN PR & USVI (AS OF 9/30/05 - 9/30/04)

Lender / CDC	# of Loans 2005	\$\$\$ Value	# of Loans 2004	\$\$\$ Value
Banco Bilbao Vizcaya Argentaria	191	\$15,500,100	261	\$17,852,220
Banco Popular de Puerto Rico *	751	\$91,895,467	616	\$77,877,596
Banco Santander Puerto Rico	224	\$20,624,500	208	\$26,357,600
Bank of America	1	\$25,000	0	0
Bank of Nova Scotia	0	0	0	0
Business Loan Center	35	\$1,207,000	2	\$1,417,000
Citibank, N.A.	6	\$254,000	3	\$105,000
Cooperativa Ahorro y Crédito Aguada	0	0	3	\$1,145,000
Doral Bank	38	\$5,132,300	24	\$1,974,900
Economic Development Bank for PR	1	\$91,178	0	0
Eurobank	0	0	1	\$310,000
Firstbank *	21	\$2,575,530	3	\$1,025,000
Government Development Bank of VI	1	\$50,000	2	\$90,000
Grow America Fund, Inc.	0	0	4	\$430,000
Independence Bank	0	0	1	\$150,000
Oriental Bank & Trust	22	\$1,067,900	3	\$305,000
R&G Premier Bank of PR	0	0	0	0
Scotiabank Puerto Rico	6	\$616,250	1	\$85,000
Virgin Islands Community Bank	0	0	1	100,000
Westernbank	0	0	0	0
** COFECC	10	\$3,053,000	8	\$3,024,000
** Marketing Development Corp.	55	\$16,419,000	33	\$12,847,000
** North PR Local Development	6	\$2,681,000	5	\$1,837,000
** PR Business Development Corp.	5	\$2,960,000	13	\$5,602,000
TOTALS	1,373	\$164,152,225	1,192	152,534,316